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SENSITIVE

SIPDIS

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ENERGY DEPARTMENT FOR A.BECK,G.WARD,C.GAY, R.DAVIS,A,CHIANG
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DOC FOR SECRETARY GUTIERREZ
DOC ALSO FOR A.DRISCOLL, L.FUSSEL, W. BASTIAN

E.O. 12958: N/A

TAGS: [PREL](#) [ENRG](#) [EINVKSCA](#) [BR](#) [IN](#)

SUBJECT: NEXT MOVES IN BRAZILIAN ENERGY ENGAGEMENT

REF: A) Brasilia 910, B) Rio 138, C) Rio 135, D) Brasilia 1122

¶1. (SBU) Based on a conversation between Brazilian Ministry of Mines and Energy (MME) Minister Lobao and Ambassador Sobel on October 6, Deputy MME Minister Zimmermann is expected to come to the United State in late October, to be followed by a visit at a later date by Minister Lobao. The trip is envisioned to have elements of commercial engagement, energy cooperation, legislative consultations, and exploration of financing opportunities, as well as working towards the Summit of the Americas energy agenda, all designed to maximize our energy relations with Brazil which is poised to become a global energy leader. Department of Energy (DOE) and MME have already been discussing ways to reinvigorate the energy working group established under the 2003 MOU signed by DOE and MME on broad energy cooperation, building on areas of cooperation previously identified during the August visit to Brazil of Acting Deputy Secretary of Energy Kupfer. Post requests Washington assistance to ensure that we take advantage of the strategic opportunity the Zimmermann and Lobao visits present. (see REFTEL D) END SUMMARY.

¶2. (SBU) Ambassador Sobel met with Minister of Mines and Energy (MME), Edison Lobao, October 6 to discuss future plans for further deepening the bilateral energy relationship. After visits by Department of Energy Acting Deputy Secretary Kupfer and Department of State Undersecretary for Economic, Energy, and Agricultural Affairs Reuben Jeffery during August and October respectively, and with the upcoming visit by Secretary of Commerce Gutierrez (October 9 and 10), the Minister and his staff have had multiple opportunities to engage with high level U.S. officials to discuss energy issues between our two countries. During Acting Deputy Secretary Kupfer's trip in August, the Minister and his staff engaged in an exchange with Kupfer and his delegation regarding potential future areas of coordination and developed a long list of attractive options for collaboration (ref D). Both DOE DepSec and DOS U/S Jeffery also heard a great deal about energy-related commercial opportunities for U.S. firms in Brazil. As the Ambassador and Lobao met to follow up on these visits and prepare for the Gutierrez visit, they discussed possible options for travel by Lobao to the U.S. to further engage on these areas of interest.

¶2. (SBU) Given all the possibilities for ways to advance the energy relationship with a trip to the United States, the Ambassador suggested that Lobao send his deputy and well-regarded energy expert, Marcio Zimmermann, to the United States first. A Zimmermann visit could help reinvigorate and if necessary establish cooperation mechanisms so as to concretely determine what can be undertaken in

the areas of interest identified during the Kupfer visit, given the funding situation in both nations, as well as make some industry and legislative contacts. Lobao himself could then travel to the United States post-election to help solidify energy relations with the new administration and ensure that energy efforts remain a priority into 2009 and beyond. The Ambassador suggested that Zimmermann's visit to the U.S. might include: a meeting at DOE; a meeting with the U.S. Chamber of Commerce to include energy companies not currently active in Brazil; meetings with OPIC and EXIM to discuss opportunities for U.S. companies in Brazil to permit them to access funding sources; Department of Commerce meetings including meeting with mid-sized oil companies and meeting with the U.S. nuclear industry; a meeting with Congressional leaders, and meetings at State Department to include consultation on Summit of the Americas. Lobao agreed with the proposal, suggested he might then travel in the spring once the new Administration was in place, or perhaps, at the Ambassador's suggestion, take advantage of the transition time in December to make initial contacts and incorporate participation in the Wilson Center's planned Brazil event on December 5. Lobao indicated that he would be open to either option and preferred to determine the timing of his trip based on the outcome of Zimmermann's Washington visit.

13. (SBU) The Ambassador agreed and emphasized that it was particularly important that Zimmermann travel to the U.S. by the end of October to build on all the work done so far and allow for the establishment of a working group for the future. He said also wanted to be sure that the visit included commercial discussions, particularly opportunities for small-to-medium sized U.S. oil companies. Lobao will consider the timing of his trip after the return of his Deputy from Washington.

BRASILIA 00001335 002 OF 002

14. (SBU) Separately, DOE International Office representative Rhia Davis, EST Counselor, and Econ Deputy, met with MME's International Affairs Advisor Rubem Barbosa to plan for a preliminary subject matter experts' discussion in advance of Lobao's and Zimmermann's trips. As a result of the discussion, DOE and MME will work to explore implementation strategies for areas of energy cooperation identified during Kupfer's trip and of corresponding experts for a DVC discussion to be scheduled in the coming weeks. The goal will be to identify the best items for fruitful cooperation and decide how to best address them. An October Zimmermann visit should provide impetus to the effort and empower the working group to advance.

15. (SBU) COMMENT: Brazil is poised to become a global energy leader. The country is already the leading exporter of biofuels and, with the recent offshore discoveries, stands to become a country with one of the largest reserves of oil and gas in the world. Post is eager to ensure that we lay the foundations to build as strong a bilateral energy relationship as possible through the transition and beyond. Given concerns regionally and globally with U.S. dependence on energy suppliers that are less than friendly, unstable, or in some cases hostile, fully engaging bilaterally with Brazil as a friendly, democratic, increasingly engaged regional leader provides an attractive partner in addressing our energy security needs. The relationship also offers options for energy cooperation in the region. Much as our partnership in biofuels has served both countries' interests well, we believe broader and deeper energy engagement will be similarly productive. Also, as a not-so-coincidental byproduct of our biofuels collaboration, we have seen an increase in Brazilian receptivity to working together in other areas as well. Concretely expanding this energy partnership has the potential to deepen the overall bilateral relationship. Post requests the assistance of State, DOE, and DOC in ensuring that the visits by Deputy Secretary Zimmermann, and later Minister Lobao, take full advantage of this strategic opportunity.

SOBEL